

**SUMTER COUNTY BOARD OF COMMISSIONERS**  
**EXECUTIVE SUMMARY**

**SUBJECT:** Florida Housing Finance Corporation (FHFC) Hardest Hit Program contract (Staff recommends approval).

**REQUESTED ACTION:** Approve contract with FHFC for Hardest Hit Program

☐ Work Session (Report Only)

☒ Regular Meeting

**DATE OF MEETING:** 2/8/11

☐ Special Meeting

**CONTRACT:** ☐ N/A

Effective Date: TBD –  
Execution by FHFC

Vendor/Entity: FHFC

Termination Date: 2 years after execution  
by FHFC with  
allowance for 3 – 1 year  
extensions.

Managing Division / Dept: Housing Department

**BUDGET IMPACT:** \$ 5,000.00 approximate increase to Housing's administrative funds.

☒ Annual

☐ Capital

☐ N/A

**FUNDING SOURCE:** FHFC

**EXPENDITURE ACCOUNT:** TBD

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**HISTORY/FACTS/ISSUES:**

In January 2010, US Treasury (Treasury) created the "Housing Finance Agency (HFA) Innovation Fund for the Hardest-Hit Housing Markets" (HFA Hardest-Hit Fund) and allocated funds under the Emergency Economic Stabilization Act of 2008 (EESA) to five states: Arizona, California, Florida, Michigan and Nevada because of their excessive housing market depreciation and to assist in foreclosure prevention efforts. To date, Florida's total award amount is over \$1 billion (background Exhibit A attached). Currently there is a pilot project in Lee County, and Florida Housing Finance Corporation (FHFC) is preparing to spread the funds statewide in early spring.

Florida Housing's two programs under the HFA Hardest Hit Funds are:

**Unemployment Mortgage Assistance Program (UMAP)**

Loan funds can be used to pay monthly mortgage and escrowed mortgage-related expenses (i.e., property taxes, homeowner insurance, and mortgage insurance) on the first mortgage until the homeowner can resume payments or for up to 18 months whichever occurs first. Assistance will be provided to homeowners (borrower and co-borrower), through no fault of their own, who are currently unemployed or underemployed and meet eligibility and program underwriting guidelines.

**Mortgage Loan Reinstatement Payment Program (MLRP)**

Loan funds can be used to bring the past-due first mortgage current; up to six months will be paid. Assistance will be provided to homeowners (borrower and co-borrower), through no fault of their own, who were unemployed or underemployed. Verification that homeowners will be able to make their payments will be required. Homeowner must meet eligibility and program underwriting guidelines and must complete a hardship affidavit.

MLRP funds will be used to bring a delinquent mortgage current for a homeowner who has returned to work or recovered from underemployment and can now resume the monthly mortgage payment(s) based on his/her new income. This type of assistance is appropriate when the homeowner needs help only to bring the mortgage and/or mortgage-related expenses current.

**Assistance Will Be Provided in the Form of a Loan** - A maximum of \$35,000 is available to eligible homeowners. A homeowner can receive both UMAP and MLRP funds as long as the total payments combined

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are not greater than \$35,000.

The funds are used to pay the monthly first mortgage payment or the first mortgage arrearage and will be disbursed by Florida Housing directly to the loan servicer on behalf of the homeowner.

The funds will be in the form of a 0% interest, non-recourse, and deferred-payment forgivable loan which will subordinate to current mortgages. The loan will be forgiven over a 5 year period starting at month 24, at a rate of 20% per year provided the homeowner remains in the home. The loan must be paid back if the home is sold, refinanced, or is no longer owner occupied prior to the maturity date. Florida Housing will agree to subordinate the UMAP/MLRP Loan for homeowners who refinance their first mortgage to receive more favorable loan terms. If a homeowner refinances their loan to consolidate debt or receives cash out, the homeowner would be required to repay the UMAP/MLRP Loan according to the loan terms.

The HHF Advisor (County Housing staff) will not be permitted to charge the borrower for any services rendered. All compensation to the Housing Department will be supplied by Florida Housing and the HFA Hardest Hit Fund in amounts set forth below:

- Determination of eligibility for UMAP/MLRP - \$250 per Applicant
- Closing - \$100
- Monthly case management - \$75 per month per Applicant
- Initial one-time start-up payment of \$2,400, upon execution of the contract

Housing staff will enter data for clients into the Counselor Direct program on the FHFC website. Most information will be uploaded so file retention will be minimal. Two Housing Department staff members are certified in homeownership counseling to assist clients throughout the State of Florida and will be able to handle the increase in workload.

This program will add income (estimated \$5,000) to the Housing Department for administrative expenses and replace a portion of the administrative income that was decreased due to the lack of State Housing Initiatives Partnership (SHIP) and Community Development Block Grant (CDBG) funds.

Other than Housing Department staff time, there is no cost or expenses to the County for this program.

Staff requests the contract (attached) be approved and executed by the Board of County Commissioners.

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